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## The Rewald case

No case in months has created such widespread interest and head-shaking as that involving Ronald R. Rewald, chairman of the board of what a prospectus last year described as "one of the oldest and largest privately held international investment and consulting firms in Hawaii."

In a personal message in the prospectus, Rewald wrote that "we measure our success in only one way, by the success of our clients. We take pride in these successes, of course."

"Even more we take pride in the fact that our skill and experience, along with an unblemished reputation for integrity, have earned us the respect and esteem of those clients."

**FURTHER ON**, the prospectus states that "over the last two decades, we have served the investment and consulting community with an average return to our clients of 26 percent."

"No client accepted by Bishop, Baldwin, Rewald, Dillingham & Wong" — names unrelated to longtime Island families — "has ever lost money in any structured investment program approved by the company."

The current reality, as distinguished from the lofty rhetoric, is that the firm is in bankruptcy proceedings and that several hundred persons are wondering what financial scraps they conceivably may recover from what appears to be between \$10 million and \$12 million in original investments.

**ANOTHER REALITY** is that Rewald has been living the kind of life one usually associates with some fabulously wealthy potentate to whom money, whatever its source, is a commodity to be casually and flamboyantly tossed about in large quantities.

In a court hearing the other day Federal Senior District Judge Martin Pence declared that the evidence conveyed a "very strong probability" that Rewald has been engaged in a "Ponzi scheme," a classic scam. Said Judge Pence: "So long as the Ponzi scheme of paying the old investors out of new ones

funds continued, the company prospered to the benefit of those inside." Investors' funds, said the judge, went into a bowl into which Rewald and some others in the company dipped for personal and company expenses.

**REWALD IS** under two state charges of first-degree theft by deception, to which he has pleaded not guilty. Whether any federal charges will be filed — the FBI, CIA, Internal Revenue Service and the Securities and Exchange Commission have also been investigating — is not yet known.

Pence appeared unimpressed by the statement of a defense attorney that Rewald would be willing to turn over his personal assets to the bankruptcy trustee if he could play a role in their distribution. The judge called that "an empty gesture."

And Wednesday, Circuit Judge Robert W.B. Chang denied a motion to reduce Rewald's \$10 million bail. Rewald has been in custody since leaving Queen's Medical Center where he had been treated for attempted suicide. Judge Chang said reduced bail might prompt Rewald to flee "to Shangri-la, wherever that is."

**REWALD HASN'T** talked thus far and at mid-week fewer than 30 investors had filed formal claims in bankruptcy court — so there is still considerable information not yet spread on the record.

Beyond that, under our system of justice, Rewald carries a presumption of innocence until and unless there is a determination otherwise. And it seems to us there are some others who also need to give an accounting of their roles in this case. But as of now there has been no trial and no determination of guilt or innocence.

But given evidence to date, what does seem clear is that white collar misdeeds can be just as tragic, just as devastating as physical violence — and possibly even more so — when it comes to impact on people's lives and destinies.